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12 OCT 1975

MEMORANDUM FOR: Deputy to the DCI for the Intelligence Community

FROM:

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Director of Performance Evaluation and Improvement

SUBJECT: Nuclear Proliferation and the Intelligence Community

1. Nuclear proliferation is a complex problem, involving political, economic, military, and technological factors. The subject has been given increased attention over the past year by the executive and legislative branches, the press, and the Intelligence Community. Formulating US foreign and trade policy toward those countries which are candidate proliferators and toward those which are suppliers of nuclear technology is high on the government's agenda. Hard intelligence information and timely, cogent, and accurate intelligence estimates on the factors which impact nuclear proliferation must be made available to appropriate agencies so that policy decisions on proliferation matters can be as informed as possible. It is the responsibility of the Intelligence Community to see that such information is supplied.

2. The Intelligence Community Staff first became involved with the issue of nuclear proliferation in mid-1974 [Redacted] examining the Community's performance before the Indian nuclear detonation in May of that year. While the body of that report dwelt on events concerning the Indian test, the recommendations for action dealt with more general problems of intelligence collection, analysis, and production related to nuclear proliferation. In 1974 and 1975, in response to the IC Staff's recommendations, actions were taken by various Community agencies to improve their nuclear proliferation intelligence efforts. Our examination of the adequacy and success of these efforts for the NSC semiannual review has shown that the Community's organization to provide nuclear proliferation intelligence needs to be further improved.

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3. We found, for example, that the finished intelligence analyses put out by all elements of the Community are unbalanced in their treatment of the political, economic and technical aspects of proliferation. Even though it is widely accepted that political factors are the principal determinant of nuclear proliferation, not enough emphasis has been placed on these considerations. The "functional specialization" of the Community organizations contributes largely to this problem. We also found that the national level users of proliferation intelligence rely on individual contacts in various agencies to get their required input to policy deliberations. Very few perceive the NIO for Strategic Programs to be the focal point for proliferation matters.

4. Others also have looked into the problem. In August of this year Dr. John Deutch prepared a critique of the intelligence effort on proliferation for Deputy Secretary of Defense Robert Ellsworth. The principal findings and recommendations of this study are attached for your information. In general, the critique argues that the political, economic, and technical aspects of the nuclear proliferation problem have not been integrated properly in analyses, reducing considerably the usefulness of the intelligence product. Dr. Deutch questions whether the Intelligence Community is adequately focused and tasked on proliferation matters and recommends significant additions to and revision of the existing organizational framework to cope with the problem. Even though many of his specific criticisms and recommendations have evoked controversy, Dr. Deutch has raised several issues which deserve more Community attention. Discussion has already begun among a few of the recipients of the Deutch Report as to how those organizations should improve their performance on proliferation intelligence.\* In addition, a Presidential study group conducting a review of US nuclear policy referenced the report and recommended that its findings be studied further with a view toward rapid implementation.

5. The time is now ripe for the IC Staff to guide the Community in an introspective assessment of how and where improvements in the nuclear proliferation effort can be

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\*Copies of the draft and final reports were disseminated by DOD to CIA, DIA, NSA, NRC, ERDA, various elements of the DOD, State, ACDA, and the NSC and IC Staffs.

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made. Our lead should ensure that the current momentum for improvement will not ebb, that actions taken by different agencies will have a coherent Community framework, and that the priority needs of the users are satisfied. I plan, therefore, to bring together appropriate members of the Community for a critical look at organization and effectiveness of proliferation intelligence in light of the findings of the IC Staff's review, the Deutch critique, and the expanding need of consumers for a multidisciplinary product.

6. As a second step we will convene a meeting of both producers and users to facilitate communications between the two groups on a senior-enough level which can result in positive action on the part of the Community. The necessity for such an exchange became apparent during our interviews. Many of the Community's basic problems stem from inadequate communication and interface between the national level users and those who set analytical and collection priorities in the Intelligence Community. Inadequate articulation of the priority which national-level users place on proliferation intelligence makes it doubly difficult for the Community to respond adequately. Our hosting of these two meetings will be a coordinated action with the NIO/SP, who currently is responsible for the topic of nuclear proliferation.

7. We hope to have the first meeting in November of this year. The participants will include representatives from the DCI collection committees, JAEIC, the relevant production elements of the Community, the IC Staff, and appropriate NIOs. A key element in the success of this meeting will be the participation of both analytical level people and their managers who ultimately determine the effort to be placed on nuclear proliferation intelligence. Having people like Sayre Stevens and Les Dirks of CIA, Larry Finch of INR, and Jack Vorona of DIA take part in the discussions will be most valuable. Although the detailed agenda has not been made final, we plan to lead a review of 1) the Community's organizational structure on nuclear proliferation and its current collection and analytical efforts, 2) the needs of national level users for proliferation intelligence and their perception of the adequacy of the Community's effort, 3) whether or not the Community perceives itself as placing sufficient emphasis on providing nuclear proliferation intelligence, 4) how the intelligence product can be improved, in terms of what the Community elements can effectively act upon, and 5) what resources and restructuring might be required to improve the quality of support to national level users.

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8. We hope to convene the second meeting sometime in late November or early December, after the Community has been able to assess itself on what it can and cannot do. This meeting will give the users (a variety of them) an opportunity to explain their needs directly to those Community elements which provide the intelligence product and to those who can set intelligence priorities. This interaction not only will make the Community more familiar with users' needs but, as importantly, will make the users more familiar with just what intelligence can and cannot provide them. The discussions will center on Community organization, ways to improve the quality and scope of the product and a definition of more efficient tasking procedures and priority determination. We plan to invite users from ERDA, State, NRC, DOD, ACDA, and the NSC Staff.

9. The specific dates and places for the two meetings, the agenda items, the participants, and the degree to which the IC Staff will take part in recommending and effecting changes in the Community structure for proliferation intelligence will be worked out in the coming weeks. We will keep you apprised of our progress in this endeavor.

Attachment - As Stated



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